

For: Cotton State and County Offices

Clarification of Procedure for Handling Cotton On-line Processing System (COPS) R145 Errors and Instructions for Processing Upland Cotton Loans Involving Immediate Certificate Exchanges

Approved by: Deputy Administrator, Farm Programs



1 Overview

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Background

Notice CN-929, issued December 10, 2001, provided County Offices with:

- **revised** policy for requesting upland cotton loans that involved an immediate commodity certificate exchange based on the date of the **request** rather than the date of **processing** through APSS
- instructions for processing the loan transactions.

Notice CN-930, issued December 26, 2001, provided County Offices with **additional** information for processing upland cotton loans and redemptions in APSS that involved immediate commodity certificate exchanges.

Notice CN-936, issued May 9, 2002:

- provided County Offices with instructions for researching and resolving Error Code R145 conditions
- re-emphasized instructions in Notice CN-930 for recording immediate commodity certificate exchanges.

These notices expired December 1, 2002. 7-CN has been amended to include policy, but not automation instructions. A forthcoming amendment will incorporate these instructions.

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Disposal Date	Distribution
June 1, 2003	Cotton State Offices; State Offices relay to County Offices

1 Overview (Continued)

B

Purpose

This notice:

- clarifies instructions for referring loans with R145 errors to the State Office for removal of error code
 - re-issues instructions for processing upland cotton loans and redemptions in APSS that involve immediate commodity certificate exchanges.
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Contact

State Offices shall direct questions about this notice to Julie Floriani by:

- telephone at 202-720-8374
 - e-mail to **julie_floriani@wdc.usda.gov**.
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2 COPS Error Condition R145

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Preventing Error

When the loan repayment date is before the loan disbursement date, COPS generates Error Code R145, "Repayment Date Missing/Invalid".

To prevent R145 errors for cotton loans that involve immediate certificate exchanges, County Offices shall follow instructions in this notice to:

- process loans
 - determine the repayment date applicable to the exchange
 - process commodity certificate exchanges in APSS.
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Removing of R145 Errors

Notice CN-936 instructed County Office to refer R145 errors to the State Office, if it was determined that the error occurred because the incorrect repayment date was entered in APSS.

For loans involving immediate certificate exchanges, County Offices shall:

- continue to **refer** R145 errors to the State Office if the loans were disbursed **before** June 1, 2002
 - take **corrective action** for R145 errors that resulted from loans disbursed **after** June 1, 2002.
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State Office Action

State Offices shall:

- ensure that County Offices follow instructions in this notice
 - continue to refer R145 errors according to subparagraph 2 B to PSD, Attention: Julie Floriani, by:
 - FAX to 202-690-3307
 - e-mail to **Julie_Floriani@wdc.usda.gov**.
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3 Processing Cotton Loans and Redemptions That Involve Immediate Certificate Exchanges in APSS

A Loans That Involve Certificate Exchanges

County Offices shall process upland cotton loans that involve immediate certificate exchanges in APSS according to 7-CN, paragraph 187, and the following additional instructions:

- “date documents received” will be determined in the normal manner using **latest** date of the following:
 - CCC was made holder of receipts, even if date is after request date
 - all paper documentation is received in County Office
 - of loan application
- issue all loan proceeds to CCC.

Example: When a producer requests a loan and immediate certificate exchange and transfers electronic warehouse receipts to CCC on **May 1**, but the County Office does not process the loan and repayment through APSS until **May 10**, the County Office shall use:

- May 1:
 - to determine applicable AWP rate, since that is the day the request was made
 - as the “Date Documents Received” date, since all required documents were received on that date
- May 10:
 - as the loan disbursement date, since the loan was entered in APSS on that date
 - as the loan repayment date, **even though** the repayment was requested on May 1, because the certificate exchange was processed through APSS on May 10.

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3 Processing Cotton Loans and Redemptions That Involve Immediate Certificate Exchanges in APSS (Continued)

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**Exchanges for
Loans That
Involve 1 Payee**

When the loan involves **1 payee**, County Offices shall process immediate commodity certificate exchanges according to 7-CN and these additional instructions:

- repayment date is date transaction is processed in APSS, **even if** the repayment was requested at an earlier date
- receipt release date is actual date County Office releases the receipts to the designated buyer using the cotton PC software
- use AWP in effect on date loan and immediate exchange for commodity certificates were **requested**
- record repayment on a **current** CCC-257 using check that was issued to CCC during loanmaking
- refund any overpayment to **producer**.

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3 Processing Cotton Loans and Redemptions That Involve Immediate Certificate Exchanges in APSS (Continued)

C

Exchanges for Loans That Involve Multiple Payees

When the loan involves **multiple payees**, County Offices shall process immediate commodity certificate exchanges according to 7-CN and these additional instructions:

- repayment date is date transaction is processed in APSS, **even if** repayment was requested at an earlier date
 - receipt release date is actual date County Office releases the receipts to the designated buyer using the cotton PC software
 - use AWP in effect on date loan and immediate exchange for commodity certificates were **requested**
 - record loan repayments for multiple producers with multiple checks on a **current** CCC-257 as follows:
 - record checks issued to CCC beginning with **smallest amount** until collection amount is sufficient to purchase the certificate
 - refund any amount of overpayment to **producers** by:
 - multiplying refund amount times each producer's share
 - issuing a separate check to each producer as payee for applicable amount
 - if additional loan checks issued to CCC remain, that were not needed to purchase commodity certificates, refund those amounts as follows:
 - record remaining checks as collection on current CCC-257 in Accounting through cash receipts using program code "REFREP"
 - refund "REFREP" collection amount recorded on CCC-257 to producers by:
 - multiplying check amount times each producer's share
 - issuing a check to each producer for applicable amount in Accounting through Check Writing using program code "REFREP" and reference CCC-257 number used to deposit additional check.
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